Supreme Court, U.S.
FILED
DEC 28 2001
CLERK

(2)

No. 01-818

In the Supreme Court of the United States

ESTATE OF JAMES S. BISHOP,
Petitioner,

v.

EQUINOX INTERNATIONAL CORP.,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE TENTH CIRCUIT

RESPONDENT'S BRIEF IN OPPOSITION

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COUNTER-STATEMENT OF THE CASE

This is an action for trademark infringement wherein the petitioner and plaintiff below, Estate of James S. Bishop, formerly James S. Bishop d/b/a Essence of Life ("Bishop") claimed that the respondent and defendant below, Equinox International Corporation ("Equinox") infringed Bishop's trademark "Essence of Life". After a bench trial, the District Court found that Equinox infringed Bishop's trademark, denied Bishop damages as he failed to put on any proof of any actual damage of any kind, denied an award of any of Equinox's profits to Bishop, but awarded Bishop attorney's fees and entered an injunction prohibiting Equinox from marketing its product with the infringing trademark. (Petitioner's Appendix "Pet. App." E).

Bishop appealed the denial of an award of any of Equinox's profits to him, and the United States Court of Appeals for the Tenth Circuit determined that the District Court's conclusion that absent a showing of actual damages an award of profits was unavailable constituted an abuse of discretion. (Pet. App. D at 43a). The Tenth Circuit remanded the case to the District Court "for a determination of whether an award of profits is appropriate under the circumstances of this case." (Pet. App. D at 44a). The Tenth Circuit specifically expressed no opinion as to what, if any, award of profits might be appropriate, noting only that the award of monetary relief is subject to equitable considerations. (Pet. App. D at 44a, n. 3).

On remand, Bishop argued that he should be entitled to some of Equinox's profits because the trademark infringement by Equinox was deliberate. However, Equinox argued that there should not be an award of any profits to Bishop because Equinox did not intend to confuse the public

as to the origin of the product in question, there was no actual consumer confusion or deception, and the District Court found that Bishop's mark was weak and that Equinox did not benefit from the use of Bishop's relatively obscure mark. The District Court rejected Equinox's argument that the *Restatement (Third) of Unfair Competition*, § 37(1)(a) (1995) conditions an award of profits on a showing that the defendant had the intention of causing confusion or deception, thus automatically precluding Bishop from being awarded any of Equinox's profits. (Pet. App. C at 31a). Instead, the District Court considered "all the equities in the case anew" and made a determination on the applicability of an award of profits. *Id.*

The District Court held that:

> In considering all of the equities in this case, the relative weakness of the mark, the lack of consumer confusion or deception, and that Equinox did not benefit from Bishop's mark, the court rejects, as it did in the original findings, the notion that prevention of unjust enrichment is a sufficient rationale for awarding profits. In particular, the court found that defendant did not benefit from plaintiff's "relatively obscure" mark. Further, assuming that profits can be awarded in this circuit as a deterrent to wilful infringement, the court finds that when weighing the equities, particularly that the bad faith was found in defendant's failure to honor the cease and desist agreement, the award of attorney's fees is a sufficient deterrent under the circumstances.

(Pet. App. C at 31a - 32a).

Thus, the District Court denied an award of any of Equinox's profits to Bishop after considering all of the equities and facts and circumstances of this case, and reviewing both rationales of unjust enrichment and deterrence.

REASONS FOR DENYING THE WRIT

I. THERE IS NO CONFLICT AMONG THE CIRCUITS AND THE DECISION BELOW DOES NOT PRESENT A CONFLICT.

Bishop erroneously concludes that the two widely recognized rationales for awarding profits noted by the Tenth Circuit are conditions precedent, rather than separate rationales. The rationale of deterrence is not a limitation on the unjust enrichment theory, but rather a separate rationale by which the District Court might have awarded Bishop some of Equinox's profits. Although deterrence was not officially adopted by the Tenth Circuit, the District Court considered an award of Equinox's profits to Bishop under both the unjust enrichment theory and separately under the theory of deterrence, giving Bishop two bites at the apple. (Pet. App. C at 31a - 32a).

There is no conflict among the circuits. The Tenth Circuit did not limit Bishop's unjust enrichment theory, but rather expanded it by also suggesting to the District Court that it consider a separate, additional rationale of deterrence. (Pet. App. D at 41a). The District Court complied, and held that Bishop was not entitled to any of Equinox's profits under either theory. (Pet. App. C at 31a - 32a).

II. THIS CASE IS LIMITED TO ITS FACTS.

As noted by Bishop in his Petition, and as by the Tenth Circuit in its remand, whether an award of profits is appropriate is determined under the particular facts and circumstances of each case subject to the principles of equity. (Pet. App. D at 40a and 44a, n. 3). There is no legal issue presented by this case. Bishop simply seeks to establish that the District Court abused its discretion in determining, under all the facts and circumstances and equities of this case, that an award of attorney's fees and a permanent injunction were sufficient remedies for Bishop.

Bishop comes to this Court seeking a review of the facts of the case for what he claims is an abuse of discretion by the District Court. But, as this Court has long held, it "do[es] not grant a certiorari to review evidence and discuss particular facts," *United States v. Johnston*, 268 U.S. 220, 227 (1925), for its "certiorari jurisdiction is designed to serve purposes broader than the correction of error in particular cases." *Watt v. Alaska*, 451 U.S. 259, 275 (1981) (*Stevens, J., concurring*). This case is a singularly inappropriate vehicle for consideration by this Court.

III. THE DECISION BELOW WAS CORRECT.

Even though Bishop merely seeks to correct an alleged abuse of discretion by the District Court, which is not the function of this Court's certiorari jurisdiction, there is no basis here for review in any event because the District Court correctly exercised its discretion in refusing to award Bishop any of Equinox's profits. Bishop erroneously argues that there was no finding that his mark was weak or obscure, and that there was no finding of a lack of benefit in the use of the mark by Equinox; but, then provides the quotation from the District Court's Order of September 22, 1999 which specifically finds that Bishop's mark was weak, and that Equinox did not benefit from his relatively obscure mark. (Pet. at 18-19.) Bishop also disingenuously argues that the District Court found that Equinox's mark created a likelihood of confusion (which is an element that must be found in order to find in Bishop's favor on trademark infringement), but ignores the distinction that the District Court found that there was a lack of actual consumer confusion or deception. (Pet. App. E at 52a, #14 and 56a, #7).

Bishop again then complains that Judge Ellison considered deterrence as a potential rationale for an award of Equinox's profits to Bishop, mis-perceiving deterrence to be a condition precedent, rather than a separate rationale that was reviewed in Bishop's favor.

Bishop adopts the dissent below, complaining that Equinox took Bishop's property as represented by the trademark and "apparently utilized this property to make a profit". (Pet. App. B at 22a). However, this erroneously ignores the District Court's specific factual finding that there was no actual consumer confusion or deception and that

"Equinox did not benefit from Bishop's mark." (Pet. App. C at 31a). The simple fact is that none of the consumers who purchased Equinox's product had ever heard of Bishop or his obscure trademark.

CONCLUSION

The Petition should be denied.

Respectfully submitted,

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